

AUDITED FINANCIAL STATEMENTS 2014

COLLEGE OF

MASSAGE

THERAPISTS

OF BRITISH COLUMBIA



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Independent Auditor's Report

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To the Members of
College of Massage Therapists of British Columbia

We have audited the accompanying financial statements of the College of Massage Therapists of British Columbia, which comprise the statement of financial position as at November 30, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the College of Massage Therapists of British Columbia as at November, 30, 2014 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, Canada
March 2, 2015

Grant Thornton LLP

Chartered Accountants

College of Massage Therapists of British Columbia

Statement of Financial Position

November 30

2014

2013

Assets

Current

Cash	\$ 399,917	\$ 447,798
Accounts receivable	18,433	1,000
Prepaid expenses	<u>17,579</u>	<u>15,719</u>

	435,929	464,517
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Intangible assets (Note 3)

	149,811	214,015
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Property and equipment (Note 4)

	<u>151,561</u>	<u>173,746</u>
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	\$ 737,301	\$ 852,278
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Liabilities

Current

Accounts payable (Note 5)	\$ 116,542	\$ 110,781
Deferred revenue	<u>590,413</u>	<u>431,810</u>

	706,955	542,591
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Deferred lease inducements

	24,379	27,629
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Deferred rent

	<u>2,618</u>	<u>1,535</u>
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	733,952	571,755
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Net assets

Unrestricted

	3,349	280,523
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Internally restricted (Note 6)

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	<u>3,349</u>	<u>280,523</u>
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	\$ 737,301	\$ 852,278
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Commitments (Note 8)

On behalf of the Board

_____ Director

_____ Director

College of Massage Therapists of British Columbia

Statement of Operations

Year ended November 30	2014	2013
Income		
Registration fees	\$ 1,304,372	\$ 1,119,119
Examination fees	353,487	205,687
Fines and assessment fees	50,688	42,785
Registration application fees	34,700	23,925
Other income	30,624	38,088
Interest	5,523	8,068
	<u>1,779,394</u>	<u>1,437,672</u>
Expenses		
Amortization of intangible assets	64,204	11,264
Amortization of property and equipment	40,054	34,761
Committees and meetings	113,354	121,070
Examinations	279,477	213,569
Interest and bank charges	45,837	30,568
Legal fees	385,210	218,616
Office	292,022	221,525
Other professional fees	171,716	154,613
Salaries and benefits	664,694	618,276
	<u>2,056,568</u>	<u>1,624,262</u>
Deficiency of income over expenses	<u>\$ (277,174)</u>	<u>\$ (186,590)</u>

College of Massage Therapists of British Columbia

Statement of Changes in Net Assets

Year ended November 30, 2014

	<u>Unrestricted</u>	<u>Internally restricted (Note 6)</u>	<u>Total</u>
Balance, December 1, 2012	\$ 467,113	\$ -	\$ 467,113
Deficiency of income over expenses	<u>(186,590)</u>	<u>-</u>	<u>(186,590)</u>
Balance, November 30, 2013	280,523	-	280,523
Original transfer	(175,000)	175,000	-
Excess (deficiency) of income over expenses	107,270	(384,444)	(277,174)
Additional transfer	<u>(209,444)</u>	<u>209,444</u>	<u>-</u>
Balance, November 30, 2014	<u>\$ 3,349</u>	<u>\$ -</u>	<u>\$ 3,349</u>

College of Massage Therapists of British Columbia

Statement of Cash Flows

Year ended November 30	2014	2013
Cash derived from (applied to)		
Operating		
Deficiency of income over expenses	\$ (277,174)	\$ (186,590)
Items not affecting cash		
Amortization of deferred lease inducement	(3,250)	(3,251)
Amortization of intangible assets	64,204	11,264
Amortization of property and equipment	40,054	34,761
Deferred rent	1,083	1,084
	<u>(175,083)</u>	<u>(142,732)</u>
Net change in non-cash working capital items		
Accounts receivable	(17,433)	(1,000)
Prepaid expenses	(1,860)	(197)
Accounts payable	5,761	15,791
Deferred revenue	158,603	278,866
	<u>(30,012)</u>	<u>150,728</u>
Investing		
Acquisition of intangible assets	-	(225,279)
Acquisition of property and equipment	(17,869)	(81,264)
	<u>(17,869)</u>	<u>(306,543)</u>
Decrease in cash	(47,881)	(155,815)
Cash, beginning of year	447,798	603,613
Cash, end of year	<u>\$ 399,917</u>	<u>\$ 447,798</u>

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2014

1. Nature of organization

The College of Massage Therapists of British Columbia (the "College") is the regulatory authority for the massage therapy profession in British Columbia. The College is designated under the Health Professions Act of British Columbia and is a non-taxable entity as defined by the Income Tax Act. It is the duty of the College to serve and protect the public and to exercise its powers and discharge its responsibilities under all enactments in the public interest.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Income from registration fees is recognized over the term of the membership. Deferred revenue represents registration fees that have not yet been earned and registration fees received for membership years that have not yet commenced.

Income from examination fees is recognized when the respective examination occurs.

Income from registration application fees is recognized at the time of registration.

Income from fines and assessment fees is recognized when the respective fine or assessment is received.

Interest and other income is recognized when earned.

Intangible assets

Intangible assets are recorded at cost. For intangible assets with finite useful lives, amortization is provided over their estimated useful lives at the following annual rates:

Registration and customer relationship management system	30% Declining balance
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Property and equipment

Property and equipment is recorded at cost. Amortization is provided over their estimated useful lives at the following annual rates:

Furniture and equipment	20% Declining balance
Computer hardware and software	30% Declining balance
Leasehold improvements	Term of the lease

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2014

2. Significant accounting policies (continued)

Impairment of long-lived assets

The College reviews for impairment of long-lived assets whenever events or changes in circumstance indicate that they no longer have any long-term service potential to the College, or no longer contribute to the College's ability to provide services. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its estimated residual value.

Deferred lease inducements

Deferred lease inducements consist of lease incentive funds received from the landlord. Amortization is provided over the term of the lease, as a reduction of rent expense.

Deferred rent

The College has an office lease which provides for escalations of the minimum lease payments during the term of the lease. The College records rent expense using the straight-line method, thereby prorating the total minimum lease payments over the term of the lease. The deferred rent liability represents the accumulated difference between the minimum lease payments and the rent expense using the straight-line method.

Financial instruments

Financial instruments are initially measured at fair value and subsequently measured at amortized cost.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Significant areas requiring management estimates are the estimated useful lives and service potential of long-lived assets. Actual results could differ from those estimates.

3. Intangible assets

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Registration and customer relationship management system	\$ 225,279	\$ 75,468	\$ 149,811	\$ 214,015

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2014

4. Property and equipment

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 90,741	\$ 54,465	\$ 36,276	\$ 43,773
Computer hardware and software	147,826	89,370	58,456	79,821
Leasehold improvements	<u>72,418</u>	<u>15,589</u>	<u>56,829</u>	<u>50,152</u>
	<u>\$ 310,985</u>	<u>\$ 159,424</u>	<u>\$ 151,561</u>	<u>\$ 173,746</u>

5. Accounts payable

Included in accounts payable is \$723 (2013 - \$590) owing in respect of government remittances for sales taxes, payroll taxes and workers' safety insurance premiums.

6. Internally restricted net assets

Internally restricted net assets are not available for other purposes without the approval of the Board of Directors.

Restricted fund for complaints and discipline

During the year ended November 30, 2014, the Board of Directors resolved to internally restrict net assets of \$175,000 and \$209,444 to be used for inquiry and disciplinary actions regarding complaints. The funds were spent on legal fees and other professional fees related to complaints.

7. Financial instruments

As at November 30, 2014, financial assets measured at amortized cost totalled \$418,350 (2013 - \$448,798).

As at November 30, 2014, financial liabilities measured at amortized cost totalled \$116,542 (2013 - \$110,781).

Liquidity risk

Liquidity risk is the risk that the College cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk is managed by forecasting cash flows.

College of Massage Therapists of British Columbia

Notes to the Financial Statements

November 30, 2014

8. Commitments

The College rents its office space under an operating lease. The College's future minimum lease payments under the lease agreement are as follows:

2015	\$	35,756
2016		35,756
2017		36,658
2018		37,923
2019		37,923
2020 and thereafter		<u>97,967</u>
	\$	<u>281,983</u>

9. Related party transactions

The financial statements include the following related party transactions, which are measured at the exchange amount:

	<u>2014</u>	<u>2013</u>
Registration fees from directors and management	\$ 4,750	\$ 2,972
Honoraria to directors	51,238	58,984



College of Massage Therapists of British Columbia

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